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A **COVID-19** Virtual Ideation Experience

Team Topic and Number: Space Utilization & Metrics, Team #25

Team sponsor/chapter (if applicable): N/A

Team Lead: Co-Leads: Andie Moeder, Jacobs and Mirela Gabrovska, MBG Consulting, Inc.

Team Members:

Mark van Summern, Perkins Eastman
Matt Smith, Premises Commercial Real Estate
Meredith Lovejoy, TEECOM
Andrew Flint, Occupier
Nathan Glotfelty, Herman Miller
Nicole Weygandt, Spacewell
Kristi Tilley, CBRE
Ray Montalvo, GoPro, Inc.

Highlights:

Our team was tasked with understanding the “new normal” for space utilization and metrics in the Post Covid-19 work environment. We took an aspirational approach, using [Future Today Institute's](#) method for forecasting, taking into consideration key sources of macro disruption which include:

- Technology Infrastructure
- Cultural Influences
- Social Ratings
- Wealth Distribution / Economy

We believe these disruptions will be most impactful in how companies adapt to the new requirements, in how people work in the future, and have charted them on an axis to understand the velocity and parameters of change.

As we evolve as an industry, it is more important than ever to implement new ways of measuring the effectiveness of our decisions. While we anticipate organizations will still track the traditional metrics of square feet and cost, overall, we believe companies will shift from being space centric to employee centric, increasing the focus on people, their performance and digital tools to enable work in lieu of space metrics. New metrics may include:

- Actual business cost per employee vs real estate cost per employee due to fitting out WFH employees with necessary infrastructure
- Health and Safety metrics will become more developed and increase in importance.
- New metrics are expected around understanding effectiveness around remote working.
- Increased focus on Employee NPS

In conclusion, flexibility around remote working is here to stay for the majority of organizations, with the “office” looking dramatically different in the future, presenting opportunities for rapid technology development and expansion of the global labor pool. We will no longer refer to remote work as special, it will just be “work”.

Below detail represents the learnings of the four teams as we went through this process. Please refer to the attached appendix for a full outline:

Technology Infrastructure vs. a Distributed Workforce:

The realities of COVID-19 compels us to assess the long-term effect it will have on real estate and the decisions we will make based on a distributed workforce. An increased emphasis on enabling a distributed workforce to thrive will foster innovation in technology and future advancements that allow organizations to express a company culture in a digital way that would only have been possible physically.

As technology advancement increases and we see a development of an organization's infrastructure, we will likely see the rise of a thriving distributed workforce. Organizations will benefit from larger labor pools by tapping into tertiary markets and taking advantage of lower real estate and labor costs. The real estate footprint will likely decrease as a result, and the design of the workspace will continue to move away from ‘me’ space and more vigorously into ‘we’ environments, promoting collaboration, community, and communication among the company's organization.

If companies focus on the traditional method of searching for talent in a localized way and not take advantage of technology advancements, we will likely see those companies act in a reactive way when addressing incidences like what we are facing today. Innovation in the workplace will likely stall as organizations will focus on 'firefighting' in order to stay afloat instead of modernizing to stay ahead of the trends. With social distancing being a space plan staple, we'll see the provisioning of square feet per person maintain a high level over the long term, causing the organization's real estate costs to either maintain their current level or even increase. Overall, organizations would lack a workplace that would thrive and be mired in inefficient use of space over the long term.

Technology vs. Cultural Influences:

The COVID-19 pandemic has forced people and businesses to adapt to remote working and related technology regardless of the level of their preparedness. While we might have expected our working environments, processes, and routines to evolve over time, we've been thrown directly in the deep end. Countries will be forced to create more robust infrastructures allowing them to be players in the global market – economy and labor pool. Global power will be dictated by superior technology, strong cultural identity, resilience and speed of implementing changes. Companies will be forced to make enhancements in their technology platforms including 5G, virtual connectedness, advanced digital technologies, and even teleportation. Organizations and businesses will demonstrate greater flexibility to support a broader range of work arrangements and scenarios for their employees and allow employees the flexibility to work from anywhere in the globe that supports the business processes, provides security and safety, and data privacy. Technology will have sweeping effects and companies will adjust by focusing on results'-based management, care for the environment, employees' wellbeing, data security, corporate strong branding and cultural identity. Given these required changes may not be the social norm in many parts of the world, countries will have to be open minded in how they adapt if they want to maintain a presence on the global stage.

Pandemic Considerations vs. Social Ratings:

The immediate pandemic has the potential to significantly alter space utilization in the long term both in terms of setting in place new government regulations surrounding "pandemic-proofing" and in terms of social pressure on regulators and companies to increase their investment in employee health. The trajectory of these developments will not only vary from country to country but even within specific jurisdictions. At the moment, a common response is one of ad hoc recommendations rather than firm regulations, although some jurisdictions are beginning to lay out strict requirements for office opening that may translate into sticky, uniformly applied and legally enforceable regulations surrounding spacing and regulatory reporting. Depending on the extent of those regulations, costs may be driven up due to expanded square footage per person or new compliance reporting. This outcome becomes more likely when civil society looks to the government as the key player in addressing the pandemic.

Alternatively, if civil society looks to business to set the tone for the post-COVID-19 world, we may see substantially more experimentation of approaches and tiered responses based on business size and visibility. In those cases, businesses targeted by activists and those seeking brand differentiation are likely to make significant investments in employee well-being and wellness certification, with more extensive reporting on these metrics leading to greater adjustment. Where government regulations are strict, this will lead to extensive adjustment across the board, whereas an environment guided by regulations is likely to lead to more variation. We would expect a proliferation of wellness or building certifications in this environment, with the possibility for new NGOs or corporate activism further leading to modifications in public KPIs.

Overall, the combination of post-pandemic regulations and social pressure will be variable. In a scenario combining strong public pressure on businesses and greater government attention (either as regulations or strong guidelines), we expect new metrics to take on new prominence. Health, wellness, and building certification and/or the metrics that inform those certifications will be elevated in prominence for facilities management, recruitment, and possibly even in investor relations as a risk management tool.

Public Health Impacts vs. Wealth Disparity:

New agencies have reported that lower income populations are disproportionately impacted by Covid-19. Often, these jobs require employees to be onsite (US) or are geographically located in the U.S. or around that world where technology infrastructure does not enable a remote workforce (India, Philippines, etc.). As we move forward, and WFH / remote solutions become the norm we can be thinking differently about how we solve for key areas of our businesses. If we can effectively work remotely, who is to say that “remote” has to be within close proximity? Companies can begin looking into labor arbitrage with renewed focus. How far from HQ will the search go? Will it be a regional, country or global approach?

Labor relations and government oversight will most definitely play into each organization’s individual response, however the limiting factor will revolve around the theme of technology infrastructure. Wealthier nations have more resilient solutions, which would be more attractive to organizations. This could exacerbate the current trend of increased wealth disparity on a global level. On a regional level it may provide better relief to second and third tier cities in developed countries. Regardless, we anticipate that labor arbitrage will have renewed focus as we move to a more remote workforce, providing an opportunity to create better jobs in areas that may not have been previously considered, and do so with the benefit of less risk for public health.